

MINUTES
MICHIGAN STATE TRANSPORTATION COMMISSION MEETING
September 30, 2004
Lansing, Michigan

Meeting noticed in accordance with Open Meetings Act, Public Act 267 of 1976.

Present: Ted Wahby, Chairman
Betty Jean Awrey, Vice Chairwoman
John Garside, Commissioner
Vincent J. Brennan, Commissioner
Linda Miller Atkinson, Commissioner

Also Present: Gloria J. Jeff, Director
Larry Tibbits, Chief Operations Officer
Frank E. Kelley, Commission Advisor
Marneta Griffin, Executive Assistant
Jerry Jones, Commission Auditor
John Friend, Bureau Director, Highway Delivery
Myron Frierson, Bureau Director, Finance and Administration
James Shell, Attorney Generals Office
John Polasek, Bureau Director, Highway Development
Susan Mortel, Bureau Director, Transportation Planning

Excused: Robert Bender, Commissioner
Patrick Isom, Assistant Attorney General

A list of those people who attended the meeting is attached to the official minutes.

Chairman Wahby called the meeting to order at 9:10am in the Bureau of Aeronautics Auditorium in Lansing, Michigan.

Chairman Wahby entertained a motion to excuse Commissioner Bender from this month's meeting. Moved by Commissioner Awrey, with support from Commissioner Garside to excuse Commissioner Bender. Motion carried on a unanimous voice vote.

I. COMMISSION BUSINESS

Commission Minutes

Chairman entertained a motion for approval of the minutes of the State Transportation Commission meeting of August 26, 2004.

Moved by Commissioner Garside, with support from Commissioner Awrey, to approve the minutes of the Commission meeting of August 26, 2004. MOTION CARRIED.

Chairman entertained a motion for approval of the minutes of the State Transportation Commission Workshop of August 26, 2004.

Moved by Commissioner Garside, with support from Commissioner Awrey, to approve the minutes of the Commission Workshop of August 26, 2004. MOTION CARRIED.

Chairman Wahby welcomed Mr. James Shell who is filling in for the Attorney General's Office.

II. **DIRECTOR'S REPORT – DIRECTOR GLORIA J. JEFF**

Director Jeff gave a PowerPoint presentation on the following topics:

MDOT 2005 Budget

Budget passed by the House on September 29, 2004, totaling about \$3.3 billion. It is a continuation budget with no major program cuts; however it includes increased legislative oversight. This Legislative oversight includes: establishing performance measures for local transit agencies, compliant process for charter violations, review of proposed distribution of federal funds to MDOT and local units of government. The budget also includes good news for our employees, i.e., a 4% economic increase for all employees, eliminates the furlough days that were mandatory during the current fiscal year, represents a continuation of the 'no lay-off policy'. The Legislation is specific about what we are able to provide in terms of electronic media—we may not be able to continue the broadcast of Commission meetings and other public events because the do not meet with the current requirements.

Director Jeff acknowledged the efforts of Myron Frierson, Sharon Edger, Leon Hank, Ronald DeCook, Rob Abent, and Ed Timpf for their phenomenal job of working with the department and the Legislature on the FY 2005 budget. The Director also acknowledged the Chairman of the House Sub-Committee on Transportation Appropriations, Scott Shackleton.

Director Jeff asked if there were any questions regarding the budget.

No questions were forthcoming.

Context Sensitive Design: Background and Policy Activities

Relies on a collaborative, interdisciplinary approach to project development, has early stakeholder involvement, and results in better projects for communities while maintaining safety and mobility. An Aesthetics Policy was adopted in 2000 by the Commission: *MDOT shall protect, preserve and enhance its existing aesthetic resources wherever possible; a corridor approach to aesthetic treatments shall be undertaken where appropriate; the department shall keep abreast of national efforts in aesthetic development; the department shall develop guidelines for implementation of this policy.* This has been used as a springboard to address issues of context sensitive design and solutions. The Commission will need to review and update this policy to make it more relevant.

Activities under way by MDOT include an interdisciplinary internal team, working with stakeholders, applying for FHWA CSS designated state status, training (a National Highway Institute Class was held, three training modules are under development).

Another effort involves the establishment of Stakeholder Focus Groups where the policy worksheets ask a series of five questions: 1) what? (focus area), 2) why? (background), 3) how? (alternatives discussed), 4) recommendations? (specify if for CSD Policy, Guideline or Procedure), 5) define success.

So far we have accomplished increased stakeholder understanding of MDOT's business practices, learned that clear communication pays dividends, identified that stakeholders are very interested in how MDOT handles local agency projects, and learned that stakeholders don't always agree amongst themselves.

Next MDOT will hold a Stakeholder Workshop on December 14, 2004. We hope to have provided the Commission with the same survey questionnaire that was provided to the focus group so that we have a mechanism to reflect the Commissions' concerns and issues as well as those of the stakeholders. Additionally, to we want to report back to the Commission in early 2005.

Director Jeff asked if there were any questions regarding this portion of the presentation.

No questions were forthcoming.

Reauthorization Update

We do not yet have a reauthorization. We are living off of a fourth short-term extension which expires shortly. The Highway portion expired September 24th, other portions expire September 30th. Congress cannot complete a six year bill before this extension expires. They are proposing another eight month extension which will run us through the end of May 2005. A shorter extension is also still possible. There is significant pressure to complete a bill before the October 8th recess.

The latest proposal offers a \$299 billion total; \$284 billion in guaranteed spending over the six year period. It would establish an equity bonus or minimum guarantee of 92%. It is not the 95% that we wanted, but it is a movement from the 90.5% that is there today. It continues to maintain a scope of equity which includes 93% of funds. Unfortunately, it provides an offset by \$15 billion rescission of old balances. Other details are not yet available. The \$299 billion is said to be the highest funding level the administration will support. What does it mean for Michigan? It could provide an estimated \$200 to \$250 million average annual increase over TEA-21 annual average.

Without a bill or extension by close out of FY 2004, September 30th, the USDOT will have to furlough some of its employees; FHWA will not have staff available to reimburse us for eligible activities under this current fiscal years' expenditure levels.

Director Jeff asked if there were any questions regarding reauthorization.

Commissioner Garside asked if the latest proposal was the Senate's or House's proposal.

Director Jess answered that it is a proposal that is coming out of the House.

No other questions forthcoming.

III. **OVERSIGHT**

Commission/State Administrative Board Contracts/Agreements (Exhibit A) – Myron Frierson

Mr. Frierson asked if any member of the Commission had questions on the contracts before them, and for Commission approval of Exhibit A.

No questions were forthcoming.

Chairman Wahby entertained a motion. Motion was made by Commissioner Brennan, supported by Commissioner Awrey to approve Exhibit A. Motion carried on a unanimous voice vote.

Supplemental to Commission/State Administrative Board Contracts/Agreements (Exhibit A) - Myron Frierson

Chairman Wahby announced that this exhibit will be approved subject to completion of internal review by Commission Audit.

Mr. Frierson stated that in the fifth (5th) element of the contract, line one, which currently reads: ... Foundation will bid out this portion ..., should now read: Foundation will complete this portion ...

Mr. Frierson asked for questions and Commission approval on Supplemental Exhibit A.

No questions were forthcoming.

Chairman Wahby entertained a motion. Motion was made by Commissioner Garside, supported by Commissioner Atkinson to approve Supplemental Exhibit A. Motion carried on a unanimous voice vote.

Bid Letting Pre-Approvals (Exhibit A-1) – Myron Frierson

Mr. Frierson gave a brief re-cap of the September bid letting activities. There were 51 state projects with an engineers' estimate of \$127 million, which included one project with an engineers' estimate of \$85 million (reconstruction of a portion of I-94 between Pellum and Wyoming in Dearborn. Bids were \$121 million on those jobs, and there are six jobs to review and approve. For the year \$703 million was originally estimated to be let based upon the engineers' estimates. Actual lettings were about \$761 million and the actual bids were about 7.8% below engineers' estimates. In comparison to fiscal 2003, actual bids were about 8.2% below engineers' estimates. Mr. Frierson stated that there will be a more complete summary of the letting activity for fiscal 2004 during the October meeting.

Mr. Frierson noted a handout of a revised summary for October which shows the jobs scheduled to be let totaling around \$47 million. Mr. Frierson further noted for the Commission that Item 28 (15.944 mile of hot mix asphalt ultra-thin overlay on M-90) of this exhibit is withdrawn. It will be repackaged and re-bid out at a later date.

Mr. Frierson asked for questions and approval of Exhibit A-1.

No questions were forthcoming.

Chairman Wahby entertained a motion. Motion was made by Commissioner Brennan to approve the September bid letting. Motion supported by Commissioner Awrey and carried on a unanimous voice vote.

Letting Exceptions Agenda (Exhibit A-2) – John Polasek

Mr. Polasek reported on six items, five of which are state projects and one local project. Mr. Polasek stated that this past letting year has shown some of the highest overages that he has seen since being in this job. He met with his staff and they will be reviewing their processes.

Mr. Polasek asked for questions and approval of Exhibit A-2.

No questions were forthcoming.

Chairman Wahby entertained a motion. Motion was made by Commissioner Awrey to approve Exhibit A-2. Motion supported by Commissioner Brennan and carried on a unanimous voice vote.

Information Items (Exhibit A-3) – Myron Frierson

Mr. Frierson reported that these exhibit items are for information only. This item had a single bidder and it is the departments' practice to bring this to the attention of the Commission. There is no action required.

Chairman Wahby asked for questions; none were forthcoming.

Bid Letting Not Pre-Approved (Exhibit A-4) – Myron Frierson

Mr. Frierson stated that this item was let, but in order to award the contract the Commissions' approval is needed. It was not a part of the pre-approval last month.

Chairman Wahby asked for questions; none were forthcoming.

Chairman Wahby entertained a motion. Motion was made by Commissioner Garside, supported by Commissioner Awrey to approve Exhibit A-4. Motion carried on a unanimous voice vote.

Contract Adjustments (Exhibit B) – John Friend

Mr. Friend stated that there are three items before the Commission and informed them of a department walk-on project (Extra 2004-69; Job Number 82022-45686A) I-94 in the cities of Taylor, Dearborn Heights and Allen Park in Wayne County. The department is asking for about \$6.5 million in extra approval. By way of explanation, Mr. Friend stated that we have a Value Engineering Proposal where a contractor can come and suggest doing things differently. There is an overall savings to the project. The contractor and MDOT staff did this analysis and determined that they could substitute a different type of joint material for the concrete pavement that was beneficial to both parties. This was about \$2.5 million. Inadvertently our TSC staff processed that extra without processing the corresponding decrease for the savings. Therefore what is showing in the documentation doesn't reflect the savings.

When construction began on this project, the contractors ran into an old debris field from the 1960's. It was anticipated that excavation would be done through this area to build up the clay to get a good strong base and build the road on top of it. This debris field made it impossible. Working with the local FHWA staff and it was determined that the best fix was to pour another concrete slab across that debris field and actually bridge over it to get the kind of structural strength that was needed.

Item 2004-67 is the Capitol Loop project here in Lansing--\$100,000.00 in extra cost. A significant amount of the extra money is in two areas: an old historical church on the roadway. After the construction project started, the church reported that they had found termites in their foundation and were concerned that the construction process would damage the church. MDOT engineers met with the church architect to determine that there was a possibility of structure damage if our construction equipment were used like it normally is. We worked with the contractor to modify the construction process so that we could work within the vicinity of that church.

Also on this project, it was intended that through the Department of Information Technology (DIT) that there would be a significant amount of IT communication relocations done prior to construction. Due to a delay in the contracting process with DIT, a significant amount of that work had to be done through the contract. This is money that would have been spent through DIT, but when that process could not be utilized they had to work with the contractor.

Mr. Friend asked for questions and approval of Exhibit B.

Commissioner Brennan asked for further clarification of the \$2.5 million.

Mr. Friend stated that they went through the Value Engineering Process and identified different items of work that had to be done in the contract—set up as contract extras. Where there was a line item that said a certain type of joint material was set up in the original cost, we are now substituting a different type of joint material. The line item is set up as a contract extra as something that has to come before the Commission for approval. In this case, the corresponding decrease was not shown as being subtracted off of the original contract item.

Commissioner Brennan then asked if he would be correct to say that this item is a \$4 million additional request, net money.

Mr. Friend answered yes. He also clarified that \$2.5 million of the \$4 million net money is for bridging over the debris field; the remainder being for the different items before the Commission.

No other questions were forthcoming.

Chairman Wahby entertained a motion for the approval of Exhibit B. Motion was made by Commissioner Awrey and supported by Commissioner Brennan to approve Exhibit B. The motion carried on a unanimous voice vote.

Six Month Financial Audit Follow-up Report (Exhibit C) – Jerry Jones

Mr. Jones gave his report on Exhibit C prior to any action being taken.

Mr. Jones stated that this report provides the details on 30 outstanding and contract audits (approximately \$3.1 million in recommended adjustments). In comparison to our prior six months' report, there has been an increase of two reports. During that corresponding one year period, as a point of comparison, we issued around 259 audit reports. As the report indicates, the department has initiated action to complete processing of the reports.

Mr. Jones then called on Commissioner Awrey for her response.

Commissioner Awrey stated that she has reviewed and discussed the audit follow-up report with the Commission Auditor, and moved to accept the report in Exhibit C.

Chairman Wahby asked for support. Support was given by Commissioner Garside. Motion carried on a unanimous voice vote.

IV. **PRESENTATIONS**

FY 2005 Program – Craig Newell, Section Manager, Statewide Systems Management Section, Statewide Planning

Mr. Newell gave a PowerPoint presentation on the departments' FY 2004 Transportation Program Delivery Accomplishments and the upcoming 2005 Program. The 2004 accomplishments and 2005 program incorporate roads, bridges, aviation, transit, marine, and port and rail programs.

FY 2004 ACCOMPLISHMENTS:

Team MDOT successfully delivered a balanced 2004 program. Federal funds were allocated at 2003 levels under a series of short-term extensions. MDOT delivered commitments without a reauthorized federal transportation bill. MDOT has focused on:

Making government more inclusive (Transportation Summit, Context Sensitive Solutions Workshops and Meetings, Listening Sessions for Five Year Transportation Program, Aviation Teachers Workshop, Michigan Public Transit Association Annual Meeting);

Providing a Safe and Secure Transportation System (Strategic Highway Safety Plan, re-stripped edge lines, adopted goal of reducing fatalities, held 42 Safety Seminars, showcased best practices at Elderly Mobility Conference, incorporated Transportation into the State Homeland Security Strategy);

Protecting Natural Resources and Improving Air Quality (working closely with State and Federal Environmental Agencies, Wetland Pre-Mitigation Program, Congestion Mitigation and Air Quality Program, promoting the use of public transportation, which helps to protect the environment);

Providing Economic Development Opportunities (Nearly \$1.3 billion capital program investment supporting over 47,000 jobs throughout Michigan, Economic Development Office provided nearly \$70M to build commercial routes, relieve congestion, bring forest products to market and generate private investment and job creation).

Under Highway Programs, 94% of the announced road, bridge, and passing relief lane projects were let to contract. MDOT let five capacity improvements and one new road projects to contract. Major capacity improvement road projects included: I-96/Beck Rd interchange, US-23/M-59 interchange, I-75 at I-96 in Detroit, and M-84 in Bay County.

Under Aviation, Bus, Marine/Port & Rail Programs, acquired the Southwest Regional Airport property in preparation for a new 6,000 foot runway, Cherry Capital Airport new terminal, secured Jet Service to Muskegon County Airport, \$161.6 million local bus operating assistance, replacement of 149 buses, capital grants - \$27 million CTF to leverage approximately \$135 million Federal funds. The State-wide Port Study recommended creation of a state port authority council to stimulate economic development. Six applicants were approved for an interest free MRLAP (Michigan Rail Loan Assistance Program) and four loans were actually made totaling \$2.7 million.

Additionally, on the approximately 700 miles of state-owned rail system, forty-seven miles of track rehabilitation was completed and twenty-five miles more was started. MDOT inspected forty-two bridges, rehabilitated eight bridges and started eight more. Introduction of Blue Water service has increased ridership to over 16% through August. The Pere Marquette record ridership has again increased to over 80,000 through August.

FY 2005 TRANSPORTATION PROGRAM:

The program strategy continues the course set by the Governor, the Transportation Commission, our Director, and as outlined in the Five Year Program, implements the strategies and goals that have been approved (emphasizes system preservation and providing safe mobility, focuses on making government effective and inclusive, supports economic development and improved quality of life).

Preservation and safety of the existing system are highest priorities. More than \$1 billion will be invested to preserve and maintain road and bridges. A significant portion of aviation and transit programs will be dedicated to existing infrastructure, and more than half of road capacity improvement investments will preserve existing adjacent lanes.

The total 2005 Transportation Program budget for capital and maintenance activities is \$1.99 billion, making this one of the largest programs ever announced and supporting approximately 75,000 jobs throughout the State. This budget does not reflect the MDOT Budget Bill passed by the House and Senate on September 29, 2004, so adjustments will be necessary (and therefore is not reflected in the remaining budget information contained in this presentation).

The Highway Capital and Maintenance Program will total nearly \$1.5 billion (including all phases of work); Aviation Program will total \$218 million (includes primary airports, general aviation airports, statewide programs, and Air Service programs); Bus, Marine/Port and Rail Programs will total \$273.8 million (includes programs such as Bus—Local Service, Intercity Bus Service, Marine/Port Services, Rail Freight Infrastructure and Safety, Rail Passenger Services).

Another focus for 2005 will be providing a safe and secure transportation system, i.e., runway lengthening and clear zones, limo and motor coach inspections, railroad grade crossing safety improvements, Comprehensive Highway Safety Program, implement Security and Risk Management Initiatives. MDOT will continue to implement safety best practices to enhance the safety of motorists using our roadways. Fluorescent yellow sign sheeting for better visibility and reflectivity will be used. All new construction projects will have high quality pavement markings that last 3-5 years, and will not require annual re-stripping.

Initiatives being evaluated for future implementation include: LED traffic signal lights, clear fonts on guide signs, and pedestrian countdown signals.

Investments will be made toward preserving the existing system. Preservation and maintenance accounts for \$1.24 billion of the Highway Program (more than 460 miles of improved roads, over 500 bridges will be repaired, managing 1,600 miles of good/fair roads with CPM Program). MDOT will continue the *Preserve First* Initiative. Nearly \$137 million dollars of this initiative represents approximately 9% of the \$1.496 billion Highway Program. They will utilize a mix of fixes to effectively manage the system (rehabilitation, reconstruction, resurfacing, routine and preventive maintenance). The Transportation Enhancement Program will also continue, as well as runway rehabilitation, bus replacement, and track rehabilitation.

MDOT will expand the system by: continuing to utilize the Transportation Economic Development Fund (TEDF) Program, which supports economic development opportunities; investment in highway capacity improvements and new roads; revolving loan program for rail freight infrastructure; facility improvements – intermodal stations and airport terminals.

MDOT will celebrate 100 Years of Transportation in 2005. Special events will be held throughout the year to share transportation history with employees and public.

Summary

MDOT will invest \$1.99 billion in the Transportation System for economic benefit and improved quality of life. They are committed to delivering the program as promised. If our 2005 Transportation Program is significantly impacted by Federal Reauthorization, we will return with a revised investment strategy.

Mr. Newell asked for questions.

Commissioner Atkinson asked, with respect to the signing portion of the presentation, what, if any, part of the program will be geared towards re-evaluating road construction signing.

Director Jeff stated that the examples given were part of a pilot program. These apply not only the general signing, but also in terms of what the department is doing in the construction zones and work areas. As part of the budget for FY 2004/2005, they will also be spending about \$500,000.00 with respect to safety and enforcement activities in the work zones. Director Jeff asked Mr. Friend if he had anything to add.

Mr. Friend stated that there is a standing committee specifically dedicated to evaluating construction zones and work areas.

No other questions were forthcoming.

A copy of the presentation is attached.

FY 2005 Disadvantaged Business Enterprise Goals - Patricia Collins, Administrator, Business/Administrative Services

Ms. Collins gave a PowerPoint presentation updating FY 2004 and highlighting FY 2005. Development of an annual Disadvantaged Business Enterprise (DBE) goal is required by U.S. Department of Transportation (USDOT) regulation 49 CFR 26.45.

FY 2004 Accomplishments

MDOT held networking sessions prior to bid-lettings, maintained partnering efforts with several organizations, provided training, maintained effective and efficient program delivery, maintained appropriate internal controls, and used technology to maximize program delivery with existing resources.

Long-Term Goals for the DBE Program

To enable small businesses to become more competitive, to graduate DBE's from MDOT's program, to implement a cost effective DBE program, to increase awareness of MDOT's DBE program, to continue compliance with Title VI of the Civil Rights Act of 1964, to continue to foster partnering efforts with associations, government agencies and the business community.

Factors Influencing the FY 2004 & FY 2005 Program

Changing subcontractor needs, changing mix of projects, changes in funding from federal to bond funds, fewer federal dollars available.

Ms. Collins noted that the Commission approved an 11% goal in 2003. Through June of 2004 the department is at 10.4%, and projections indicate that they will accomplish the 11%. They will also request a continuation of the 11% for 2005.

Major Goals for FY 2005

Create opportunities for the expansion of the skill sets of DBEs, broaden training focus, provide opportunities for DBE and prime contractors to network, recruit a more diverse group of DBEs.

Summary

Ms. Collins stated that MDOT is making substantial program improvements, and recommend that the State Transportation Commission adopt an 11% DBE goal for FY 2005.

A copy of the presentation is attached.

Ms. Collins asked for questions and approval the adoption of an 11% DBE Goals for FY 2005.

Commissioner Garside asked where Michigan ranked against other states in DBE Programs.

Ms. Collins asked Mary Finch, with FHWA Civil Rights, to respond.

Ms. Finch stated that she could obtain that information and give it to Ms. Collins to provide to him. She further stated that many states have lower goals while others have higher goals. Michigan is, however, one of the top states in meeting their goals and getting their goals approved.

Ms. Collins added that there are some states that still have not had their FY 2004 DBE Goals approved by the Federal government.

Chairman Wahby entertained a motion for the approval of the FY 2005 DBE Goals. Motion was made by Commissioner Brennan and supported by Commissioner Garside to approve the Goals. The motion carried on a unanimous voice vote.

V. PUBLIC COMMENTS

Chairman Wahby asked if anyone wanted to address the Commission; none were forthcoming.

Chairman Wahby asked if any member of the Commission had questions or comments.

Commissioner Atkinson asked if representatives from the Commission attended the AASHTO Conference, September 16-21, 2004.

Director Jeff answered that she did attend and is putting together a brown-bag presentation for the Commission.

No other questions or comments were forthcoming.

ADJOURNMENT

There being no further business to come before the Commission, the Chairman declared the meeting adjourned at 10:15am.

The next full meeting of the Michigan State Transportation Commission will be held in Lansing, Michigan, on October 28, 2004, commencing at the hour of 9:00am.

Frank E. Kelley
Commission Advisor